

# ModernGraham Valuation

Company Name:

Semtech Corporation

Company Ticker

SMTC

Date of Analysis

2/2/2017



## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass 6 out of the following 7 tests.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$2,242,195,100	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.72	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	22.39%	Fail
5. Earnings Growth	PEmg < 20	171.10	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	3.80	Fail
7. Moderate Price to Assets			

*Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.*

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	3.72	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.71	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Fail
	Score		

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$0.20
MG Growth Estimate	-4.25%
<b>MG Value</b>	<b>\$0.36</b>
MG Value based on 3% Growth	\$2.85
MG Value based on 0% Growth	\$1.67
Market Implied Growth Rate	81.30%

### MG Opinion

Current Price	\$33.65
% of Intrinsic Value	9457.60%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>F</b>

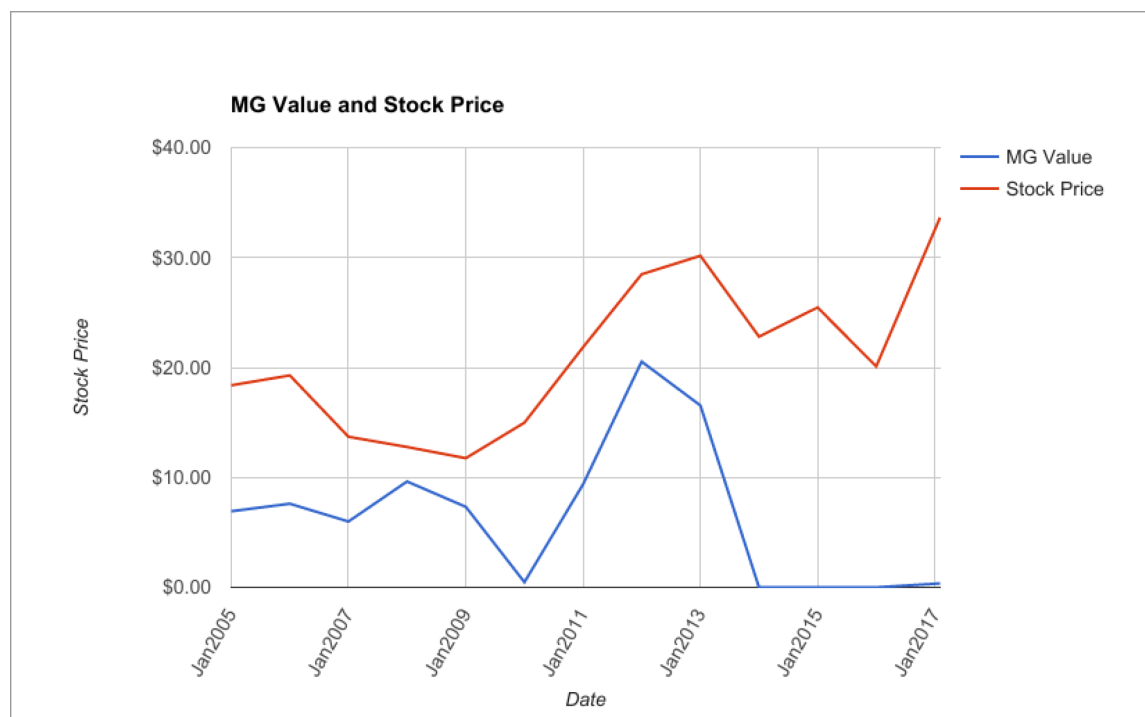
## Stage 3: Information for Further Research

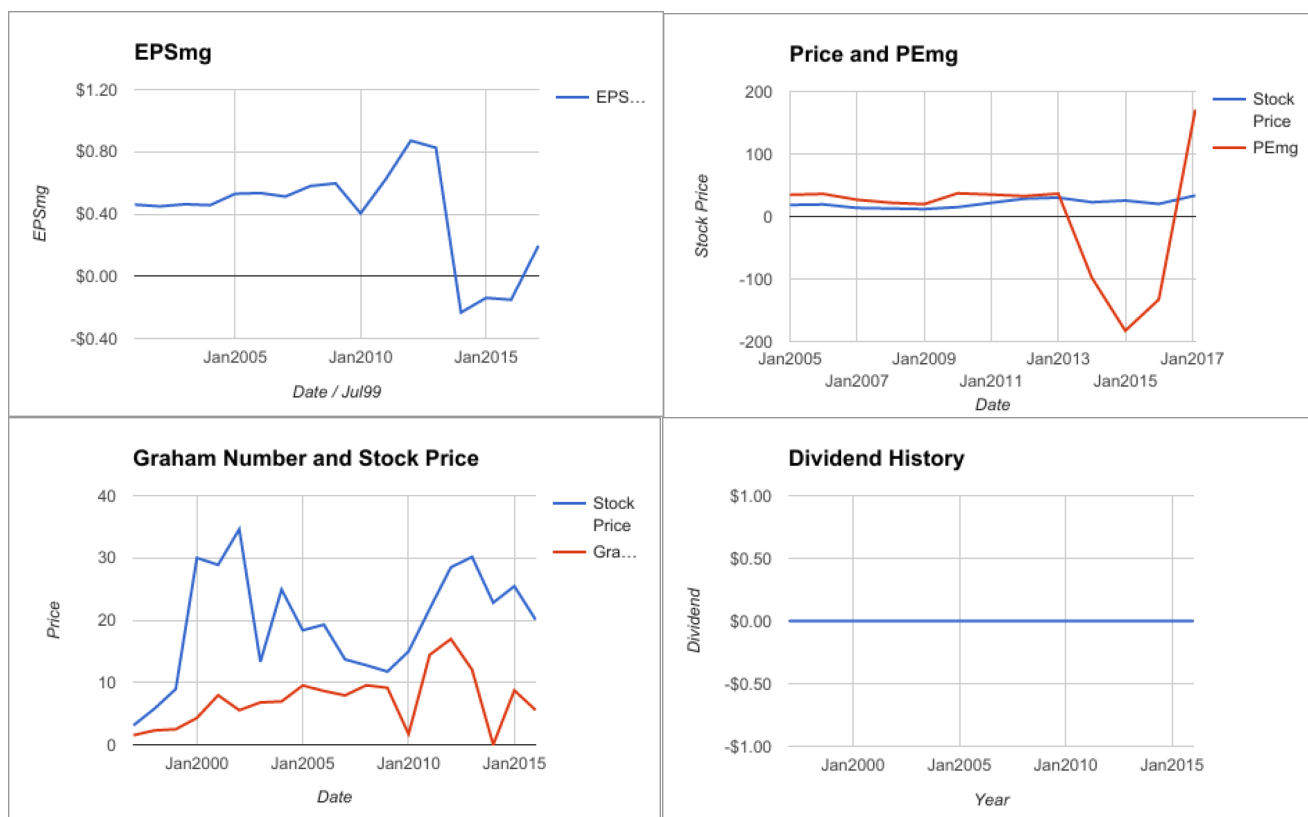
Net Current Asset Value (NCAV)	\$0.36
Graham Number	\$14.59
PEmg	171.10
Current Ratio	3.72
PB Ratio	3.80
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.06	Next Fiscal Year Estimate	\$0.20
Jan2016	\$0.17	Jan2016	-\$0.15
Jan2015	\$0.41	Jan2015	-\$0.14
Jan2014	-\$2.44	Jan2014	-\$0.23
Jan2013	\$0.62	Jan2013	\$0.83
Jan2012	\$1.32	Jan2012	\$0.87
Jan2011	\$1.12	Jan2011	\$0.62
Jan2010	\$0.02	Jan2010	\$0.40
Jan2009	\$0.61	Jan2009	\$0.60
Jan2008	\$0.71	Jan2008	\$0.58
Jan2007	\$0.42	Jan2007	\$0.51
Jan2006	\$0.55	Jan2006	\$0.53
Jan2005	\$0.70	Jan2005	\$0.53
Jan2004	\$0.42	Jan2004	\$0.46
Jan2003	\$0.44	Jan2003	\$0.46
Jan2002	\$0.33	Jan2002	\$0.45
Jan2001	\$0.79	Jan2001	\$0.46
Jan2000	\$0.42	<b>Balance Sheet Information 10/1/2016</b>	
Jan1999	\$0.21	Total Current Assets	\$438,710,000
Jan1998	\$0.25	Total Current Liabilities	\$117,782,000
Jan1997	\$0.15	Long-Term Debt	\$228,795,000
		Total Assets	\$1,001,049,000
		Intangible Assets	\$397,767,000
		Total Liabilities	\$415,154,000
		Shares Outstanding (Diluted Average)	66,206,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

## Recommended Reading:

Other  
ModernGraham  
posts about the  
company

#N/A

Other  
ModernGraham  
posts about related  
companies

[Apple Inc Valuation – January 2017 \\$AAPL](#)  
[Silicon Laboratories Valuation – Initial Coverage \\$SLAB](#)  
[Itron Inc Valuation – Initial Coverage \\$ITRI](#)  
[Celestica Inc Valuation – Initial Coverage \\$TSE:CLS](#)  
[Intersil Corp Valuation – Initial Coverage \\$ISIL](#)  
[iRobot Corp Valuation – Initial Coverage \\$IRBT](#)  
[Advanced Micro Devices Inc Valuation – January 2017 \\$AMD](#)  
[IPG Photonics Corp Valuation – Initial Coverage \\$IPGP](#)  
[Ciena Corporation Valuation – Initial Coverage \\$CIEN](#)  
[ScanSource Inc Valuation – Initial Coverage \\$SCSC](#)